

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10  
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 USIA-06  
EB-08 COME-00 TRSE-00 MCE-00 ACDA-12 DOE-11 SOE-02  
/092 W

-----040260 260223Z /64

R 251155Z FEB 78  
FM AMEMBASSY JIDDA  
TO SECSTATE WASHDC 1182  
INFO AMCONSUL DHAHRAN  
USLO RIYADH

C O N F I D E N T I A L JIDDA 1420

E.O. 11652: GDS  
TAGS: MASS, SA  
SUBJECT: SAUDI MILITARY CITY

REF: (A) STATE 44029 (B) 77 DHAHRAN 1467 (C) JIDDA 619 (NOTAL)  
(D) JIDDA 1308 (NOTAL)

SUMMARY: EMBASSY DOES NOT HAVE DETAILED INFORMATION ABOUT EXACT NATURE OF INSTALLATIONS TO BE CONSTRUCTED AT PLANNED SAUDI MILITARY CITY AT AL-KHARJ. MAIN FACTS APPEARING IN ARTICLE CORRESPOND WITH EMBASSY KNOWLEDGE EXCEPT THAT SAUDI SOURCES GIVE MUCH LOWER ESTIMATE FOR PROJECT COST. EMBASSY COMMERCIAL SECTION HAS BEEN APPROACHED BY HIGH-LEVEL SAUDI GROUP, INCLUDING REPRESENTATIVES OF MINISTRY OF DEFENSE AND AVIATION, SEEKING AFFILIATION WITH U.S. COMPANY OR CONSORTIUM COMPETING FOR THIS PROJECT. END SUMMARY.

1. ALTHOUGH MAIN FACTS OF ARTICLE APPEAR ACCURATE, EMBASSY BELIEVES COST ESTIMATES ARE INFLATED. SAUDI BUSINESSMAN KHALED TURKI (REF B) GAVE FIGURE FOUR BILLION DOLLARS TO DEPARTMENT DESK OFFICER AND CONOFFS. INTERESTED SAUDI GROUP GAVE EMBASSY COMMERCIAL COUNSELOR FIGURE OF  
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EIGHT BILLION SAUDI RIYALS (2.3 BILLION DOLLARS).

2. AS STATED IN NEW YORK TIMES ARTICLE, PROJECT HAS BEEN KEPT SECRET WITHIN SAG AND EMBASSY HAS NOT LEARNED DETAILS OF INSTALLATIONS PLANNED FOR MILITARY CITY. HIGH LEVEL SAUDI GROUP, INCLUDING REPRESENTATIVES OF PRINCE SULTAN BIN ABD AL-AZIZ, MINISTER OF DEFENSE AND AVIATION,

APPROACHED EMBASSY COMMERCIAL COUNSELOR SIX WEEKS AGO SEEKING AFFILIATION WITH U.S. ENGINEERING AND CONSTRUCTION COMPANY OR COMPANIES WHICH WOULD COMPETE FOR SHARE OF THIS LUCRATIVE CONTRACT (SEE REF C). AT THAT TIME MILITARY NATURE OF PROJECT NOT SPECIFIED.

3. ACCORDING TO THIS SAUDI GROUP, THERE WILL BE NO PUBLIC TENDERS FOR PROJECT. SELECTED CONTRACTORS (ACTUALLY CONSORTIUMS) WILL BE INVITED TO PRESENT PROPOSALS AND SAG WILL NEGOTIATE WITH FIRMS ON SHORT LIST. FOREIGN FIRMS MUST HAVE SAUDI SPONSORS, AND SIZE OF PROJECT INDICATES THAT SPONSOR SHOULD BE VERY INFLUENTIAL. AS REPORTED REF D, GROUP IN CONTACT WITH EMBASSY HAS SENT REPRESENTATIVES TO U.S. TO MEET WITH STONE AND WEBSTER AND WITH FIRMS ON USDOC'S EARLIER LIST OF POSSIBLES.

4. ENTERPRISES OF GHAITH PHARAON, MENTIONED IN ARTICLE AS MAJOR SHAREHOLDER OF SAM P. WALLACE CO., ARE SPREAD THIN AT PRESENT. UNLESS HE HAS VERY HIGH-LEVEL SUPPORT, HE WILL BE OVERSHADOWED IN CONTRACT MANEUVERING BY POWERFUL ROYAL FAMILY MEMBERS. ACCORDING TO LOCAL BUSINESS SOURCES, INTERESTED ROYAL FAMILY MEMBERS INCLUDE EVEN CROWN PRINCE FAHD.

5. AL-KHARJ IS LOGICAL SITE FOR MILITARY INDUSTRIAL CITY. THROUGHOUT HISTORY IT HAS BEEN CLOSELY LINKED TO DEFENSE  
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OF RIYADH AND HAS BEEN RECIPIENT OF GENEROUS SAUDI ROYAL FAVORS AND SUBSIDIES. DETAILS OF KINDS OF MILITARY INDUSTRIES TO BE SET UP THERE ARE STILL VAGUE. THERE ARE REPORTS THAT IT WILL BE A MUNITIONS CENTER, BUT WE HAVE NO REPORTS OF MISSILES. COMMENT: WE NOTE THAT MIDEAST MARKETS, CHASE PUBLICATION, IS SOURCE OF MISSILE STORY. THIS PUBLICATION HAS SOMETIMES CONFUSED ITS FACTS IN PAST.

6. EMBASSY WILL REPORT FURTHER DETAILS OF THIS PROJECT WHEN LEARNED.  
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NNN

## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESS COMMENTS, CONSTRUCTION, MILITARY BASES, URBAN AREAS  
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**Draft Date:** 25 feb 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**TAGS:** MASS, ECRE, SA  
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**Type:** TE  
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**Review Markings:**  
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